

Risk Management Annual Report

Fiscal Year Ended June 30, 2004



Maricopa County, Arizona

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**MARICOPA COUNTY
RISK MANAGEMENT ANNUAL REPORT
FISCAL YEAR 2003-04**

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RISK MANAGEMENT ANNUAL REPORT EXECUTIVE SUMMARY

Presented herein is the *Maricopa County Risk Management Annual Report*, for the fiscal year July 1, 2003 to June 30, 2004.

This report contains summaries of the fiscal year's losses and costs for Maricopa County's auto liability, auto physical damage, general liability, medical malpractice, property, workers' compensation, and unemployment exposures. This report, along with ongoing quarterly reports to County departments during the year, are intended to assist departments in recognizing the nature and extent of their losses, and to lead departments to consider implementation of effective loss control and prevention programs.

Structure and Mission

On June 30, 2004, the Risk Management Department completed its **23rd year** administering the County's self-insurance program. Risk Management's mission statement is, "Provide loss prevention and control and insurance and claims management services for Maricopa County Government, so they can reduce or eliminate their losses." Its vision is to be recognized as a leader, and to be relied upon for a Countywide risk management philosophy, culture and direction. Risk Management's primary activities are:

- Risk consulting
- Insurance procurement above self-insured retention levels
- Maricopa County Self-Insured Trust Fund management and financing
- Administration of and monitoring third party administrators' adjusting of workers' compensation and unemployment claims
- Investigation and disposition of casualty claims and lawsuits
- Safety training, reporting and compliance
- Loss control programs
- Environmental investigation, remediation and reporting
- Contractual indemnification and insurance requirement language drafting and review

The Risk Management Department is divided into three operating divisions, Claims, Safety and Environmental, and one Administration division. Highlights for each division are contained in this report. The staff strives to accomplish its mission with assistance and direction from the Maricopa County Board of Supervisors, Maricopa County Self-Insured Trust Fund Board of Trustees, and Office of the County Attorney. The Risk Manager reports to the Chief Financial Officer of Maricopa County.

Self-Insured Trust Fund

Arizona law (ARS § 11-981) authorizes Maricopa County to self-insure, procure insurance from any insurer authorized by the State of Arizona Department of Insurance, or both. Insurance (defined in Title 20 Arizona Revised Statutes) includes, but is not limited to, auto liability, auto physical damage, general liability, medical malpractice, property, workers' compensation, and unemployment insurance.

Upon establishment of a self-insurance program, Maricopa County is required to designate a Trust Administrator (Risk Manager), and establish a Trust. The Trust is funded by an allocation of funds from General Fund and Non-General Fund departments and Special Districts, or such other funding techniques permitted by state statute and authorized by the Trust's Board of Trustees.

A Board of Trustees manages and directs the Trust's activities and affairs. Trustees must be United States citizens and residents of Maricopa County, and are appointed by the Maricopa County Board of Supervisors (BOS) and County Administrative Officer. During FY03-04, the following individuals were members of the Board of Trustees:

<u>Trustee District/Appointment</u>	<u>Trustee</u>
BOS District One	Michael Liburdi
BOS District Two	Joel Sterrett
BOS District Three	Donald (Dutch) Baker
BOS District Four	David Tierney, Chairman
BOS District Five	Peter Moraga
BOS Chairman	BOS Chairman
County Administrator	Tom Manos

FY03-04 Results

Maricopa County enjoyed very good results this fiscal year in the risk/exposure area. Total claim costs were down for this fiscal year, though a percentage reduction would be misleading since the figures do not include Incurred But Not Reported (IBNR) claims, which will affect the ultimate total. A truer picture of fiscal year results is the Cost of Risk. Although Risk Management's costs increased \$2,421,446 (12.7%), due primarily to the increased costs of insurance premiums, the Cost of Risk (Risk Management's costs compared to projected* total County expenditures) was a very good 0.9%. In addition, the County realized \$1,002,597 in net savings during the year through the use of in-network medical providers, and recovered \$306,777 through subrogation efforts (the Claims and Safety divisions, and our Third Party Administrator for Workers' Compensation) and collections from our excess insurance coverage. These positive results need to be viewed in light of the County's growth in the number of people served within the County and in services rendered.

Maricopa County continues to be one of the fastest growing counties in the nation with a population over 3.4 million. It is the 4th most populous County in the United States and is larger in population than 21 states, and larger geographically than 7 states. The County enjoyed a robust growth rate of 2.9% or 101,619 more people last year. Such size and growth, while economically positive, could

result in an increase in the number of claims. However, Maricopa County experienced a decrease in claims occurring in this fiscal year compared to last fiscal year. Risk Management's emphasis on a strong proactive loss prevention and safety program is certainly a material factor in this reduction in claims.

The number of Maricopa County employees varies from month to month. For FY02-03 and FY03-04, the numbers of actual budgeted positions were 15,789 and 16,637, respectively. Workers' compensation claims for FY02-03 and FY03-04 were 856 and 813, respectively. This reflects an increase in the number of budgeted positions of 5.4% over the previous fiscal year, and a decrease in the number of workers' compensation claims of 5.0% over this period.

*A projection of the FY03-04 expenditures was used since the County has not published its FY03-04 CAFR at the time this report went to the printer.

Cost of Risk

Cost of Risk is a comparison of the County's expenditures of the risk management program to the County's overall expenditures in the fiscal year. The effectiveness of a risk management program can be reflected in this comparison since the cost of a risk management program, includes paid claims (amounts paid in the fiscal year without regard to the year the claim arose), insurance premiums, safety and loss control programs, and operational and administrative expenses, against total County's expenditures. During the past three year period, Cost of Risk for the County has remained under 1%, varying from 0.86% to a projected 0.9%. This reflects positive, stable result.

	FY01-02	FY02-03	FY03-04
Claims and Premiums			
Auto Liability	\$252,503	\$162,686	\$305,267
General Liability	\$1,606,340	\$2,019,985	\$1,420,281
Medical Malpractice	\$1,756,845	\$366,501	\$482,400
Property/Auto Physical Damage	\$208,631	\$506,413	\$729,133
Workers' Compensation	\$3,478,198	\$3,481,554	\$4,570,705
Unemployment	\$649,152	\$833,459	\$801,973
Environmental Contingency	\$20,295	\$625	\$0
Premiums	\$3,445,481	\$4,577,114	\$3,931,045
Subtotal	\$11,417,445	\$11,948,337	\$12,240,804
Other Costs			
Legal Expenses	\$4,564,323	\$4,708,769	\$6,702,686
Broker Fees	\$42,000	\$115,000	\$130,000
Consulting and Mngt Fees	\$317,606	\$289,117	\$198,048
Claims Admin Fees	\$426,583	\$320,532	\$398,395
Administrative	\$1,591,785	\$1,656,270	\$1,789,538
Subtotal	\$6,942,297	\$7,089,688	\$9,218,667
Total Risk Management Costs	\$18,359,742	\$19,038,025	\$21,459,471
Total County Expenditures	\$2,116,470,340	\$2,220,941,795	\$2,384,384,777*
TOTAL COST AS A PERCENTAGE OF COUNTY EXPENDITURES	0.87%	0.86%	0.9%*

- Notes: 1. Paid claims represents the amount paid in the fiscal year regardless of occurrence date and does not include Reported but not Paid (RBNP) or IBNR reserves.
2. Amounts as valued on June 30, 2004, as reported in the Advantage Financial System.
- * A projection of the FY03-04 expenditures was used since the County has not published its FY03-04 CAFR at the time this report went to the printer.

Acknowledgment

The Risk Management Department would like to thank the Maricopa County Board of Supervisors; Elected Officials; County Manager; Chief Financial Officer; Self-Insured Trust Fund Board of Trustees; County Attorney's Office; County departmental management, employees, and volunteers for their demonstrated interest in reducing claims and lawsuits, and their commitment to safety.

Respectfully submitted,

Peter Crowley
Risk Manager

Bill Warren, Assistant Risk Manager, Safety Division
Pat Spencer, Claims Manager
Samantha Wright-Sprague, Administration Manager
Rita Neill, Environmental Programs Manager
Sara Latin, Administrative/Insurance Coordinator
Emilee Eckroad, Claims Adjuster
Jenny Durda, Claims Coordinator
and the entire Risk Management Staff

Notes: For presentation purposes only, the dollar amounts and associated percentages in all of the charts and tables presented herein, have been rounded to the nearest whole dollar or percent.

CLAIMS DIVISION

The Claims Division of Risk Management handles all property and liability claims filed against Maricopa County and its employees. The Division oversees the adjustment of workers' compensation and unemployment claims by third party administrators. These claims are handled by Pinnacle Risk Services and Talx Employer Services (formerly Sheakley UniService). Claims are reviewed and either paid or denied on their merits. Litigated claims are assigned to either the County Attorney's Office or outside counsel. The Division works with assigned attorneys to obtain the most favorable result possible for the County. We are committed to settling claims owed at a fair and reasonable amount while defending claims with no merit.

New claims arising from events in FY03-04 continue to reflect an overall decrease in total number over the past three fiscal years (see page VI-3). Also, the total cost of all claims (amount paid plus open reserves) has been reduced in this same period (see page VI-1).

In addition to handling claims, the Division provides the following services to the County:

- Subrogation, restitution, and deductible recovery. In FY03-04 the Division collected \$189,519.31 from at fault parties that caused damage to County property.
- Consultation services. We report to, and consult with County departments on coverage issues, pending claims and litigation. This is done as both an informational tool and as a means to find ways to reduce claims or exposures.
- Review and management of the third party administrator providing adjustment of workers' compensation claims for County employees. In addition to adjustment of these losses, Pinnacle Risk Services and its affiliated vendors also conduct bill reviews and monitor discounts available to the County for use of a PPO network. The net savings in FY 03-04 with the use of in network medical practitioners was \$1,002,597.
- Review of indemnity and insurance language in County contracts.
- Oversee outside contractors providing automobile and property appraisal services, vehicle repair services and structured settlement services to the County.
- Coordinate recovery for County agencies from our excess property and liability insurance policies.

Due to the efforts of the Claims Division, the County continues to realize substantial savings from its property, liability and compensation exposures. The Division is committed to work to further improve in these areas and help reduce the cost of risk to the taxpayers of Maricopa County.

SAFETY DIVISION

The Safety Division of Risk Management continued to focus on a countywide initiative to organizationally ensure safety standard compliance and loss prevention. The process uses a safety management system of supervisor and worker accountability within the performance management plan. The Division consulted with agencies and departments to establish the safety management system as a core business function. As a clear example of its efforts to improve departmental safety performance, workers' compensation data this fiscal year evidences a 5.0% reduction in the number of claims over last fiscal year (856 claims in FY02-03, and 813 claims in FY003-04, see page VI-9 of the statistics and coverage section).

Working to improve workplace safety and ensure compliance with safety standards, the Division:

- Re-Negotiated with GateWay Community College the “Certificate in Equipment Operation.”
- Conducted a countywide four-day Safety Fair and Equipment ROADEO, with 800 employees participating in Safety Classes along with events testing operator skills and knowledge of equipment operations.
- Trained 200 County management and supervisors in the START Safety Management System in Environmental Services, Equipment Services, MCDOT, Flood Control, Public Health, and Planning and Development Departments.
- Completed an OSHA Claims Review by the Arizona Division of Occupational Safety and Health and successfully negotiated 50 percent reduction in inspection items and citation cost.
- Successfully subrogated recovery for MCDOT damaged property. FY03-04, the Division billed \$48,330.61 from “at fault” parties that caused damage to MCDOT property and collected \$15, 925.76.

Additionally, the Safety Division provides technical assistance and training to various departments in the areas of occupational safety, fleet safety, drug & alcohol testing, commercial drivers programs, heavy equipment training, hazardous materials management, OSHA compliance, and hazard communication – employees “right-to-know” training. Teaching more than 318 safety classes, these efforts continue to have a positive influence on the County’s safety awareness and loss prevention efforts.

Management commitment and front line supervision accountability is the key to sustaining the safety process and reducing unsafe work practices. As Maricopa County continues to evolve its strategies in its safety management system, it is necessary that each level of management must take a greater role in safety development. Including specific safety activities and initiative within the County’s overall work process and evaluation creates a safe working environment. Safety is a total team effort!

ENVIRONMENTAL DIVISION

The Environmental Division of Risk Management conducts remedial investigations and takes action to minimize County environmental liability as determined by law, regulation, statute, and/or court order. The Division provides leadership in the area of pollution prevention and environmental management, and has developed a proactive assessment and action process that mitigates environmental liabilities, saving the County in the cost of remedial action and regulatory penalties. Possible environmental liability costs of known sites have been reduced from previous estimates of over \$500 million for FY95-96, to approximately \$51 million for FY03-04.

This fiscal year the Division:

- Recovered \$101,332 from the State of Arizona's Department of Environmental Quality for remedial actions for soil and groundwater contamination related to former leaking underground storage tanks at 4701 East Washington Street, site of the former Sheriff's Office, MCDOT yard and Vector Control
- Prepared Storm Water Pollution Prevention Plans for the remaining two County facilities that required plans under the National Pollution Discharge Elimination System (NPDES) industrial discharge permitting program.
- Completed Phase I environmental assessments for 5 facilities, several which required sampling and testing for soil contamination. Completed assessments for asbestos and lead paint at 3 additional facilities.
- Assisted MCDOT, Flood Control, Real Estate and FMD in preparing Requests For Proposals for environmental studies and asbestos abatements.
- Completed a phased environmental assessment of a former County landfill.
- Conducted sampling of drinking water at several County facilities supplied by water from on site wells.
- Conducted a review of former and current County landfills.
- Prepared a five-year contract covering 11 areas of environmental service for the County. Evaluated submittals and approved and selected 44 separate contractors.
- Continued to provide sound environmental compliance information to requesting departments.

The Division recognizes that environmental risks are capable of being managed through risk control and prevention measures. These measures include separation of hazardous materials, effective pollution prevention and loss control techniques, redundant controls and safety mechanisms, double and triple containment of tanks and flow tubes, emergency response plans, and effective training of employees. The Division will continue to seek to implement these measures.

ADMINISTRATIVE DIVISION

The Administrative Division is responsible for procuring the insurance policies above the County's self-insured retention, providing certificates of insurance to County departments, preparing the annual user charges for services, preparing the annual budget and financial statements for the Trust and providing administrative support to the other divisions within the department. Included in this report is a comparison of the assets and liabilities of the Trust over a three-year period, the trend of the current insurance market, a budget summary and the financial statements through fiscal year ended June 30, 2004.

Self-Insured Trust Fund Combined Balance Sheet Comparison FY01-02, FY02-03, and FY03-04

	<u>FY01-02</u>	<u>FY02-03</u>	<u>FY03-04</u>
Assets	\$24,275,480	\$29,287,214	\$34,064,513
Liabilities	\$42,295,510	\$41,851,737	\$43,488,963
Net assets (deficit)	(\$18,020,030)	(\$12,564,523)	(\$ 9,424,450)

During the FY01-02 through FY03-04 period, the Trust's assets increased \$9,789,033 or 40.3%, from \$24,275,480 to \$34,064,513. During the same period, the Trust's liabilities increased \$1,193,453 or 2.8%, from \$42,295,510 to \$43,488,963. Net assets (deficits) are a result of a spend down of the self-insured trust fund in a prior four year period, where user departments were only charged for administrative costs while claims and insurance were still being paid by Risk Management on behalf of these user departments. FY03-04 balance sheet details are provided in the financial section. The Trust began billing user departments for the full costs of claims and insurance in FY99-00.

Insurance Policies

Risk Management continues to analyze current insurance market trends. It is expected that insurance premiums in all lines of coverage will increase somewhat, but the "hard" market of the last few years may be abating. It is projected that potential increases in annual premium costs will not be as great as in the past years. Risk Management will continue working closely with our insurance broker to aggressively pursue reasonable insurance coverages to protect Maricopa County.

At the close of this fiscal year, the County's major insurance policies are as follows:

<u>Coverage</u>	<u>Policy Period</u>	<u>Limits</u>	<u>Deductible/SIR</u>
General Liability (Excess liability)	3-1-04/3-1-05	\$5 million \$25 million	\$5 million SIR
Medical Malpractice (Excess liability)	12-4-03/12-4-04	\$15 million \$10 million	\$5 million SIR

Workers' Compensation	7-1-03/7-1-04	\$25 million	\$1 million SIR
Property Damage	7-1-03/7-1-04	\$258 million	\$100,000 per occ.

Budget Summary

The expenditure budget for the Risk Management Department for FY03-04 was \$25,609,802. Of this amount, \$1,254,501 was for personnel costs, \$269,548 was for supplies and services, \$20,000 was for capital equipment and \$24,065,753 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 94.0% of Risk Management's budget is for insurance, legal, and claims and claim related expenditures.

The revenue budget for the Risk Management Department for FY03-04 was \$26,686,121. Of this amount, \$25,676,986 was from user charges and \$1,009,135 was from interest earnings. On a percentage basis, 96.2% of the revenue is from user charges. These user charges are based on actuarially estimated claims payments and insurance projections for what the Risk Management Department will pay out on behalf of County departments.

Financial Statements

The financial statements presented in this section have been audited by the State of Arizona, Office of the Auditor General, and are included in the *Maricopa County Comprehensive Annual Financial Report* (CAFR) and the *Risk Management and Employee Benefits Trust Report on Audit of Financial Statements* for FY03-04.

The actual expenditures for the Risk Management Department for FY03-04 were \$22,944,313. Of this amount, \$1,209,017 was for personnel costs, \$544,021 was for supplies and services and \$21,191,275 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 92.4% of Risk Management's actual expenditures are for insurance, legal, and claims and claims related expenditures.

The actual revenue for the Risk Management Department for FY03-04 was \$26,084,386. Of this amount, \$25,676,986 was from user charges, \$131,731 was from insurance recoveries and \$275,669 was from interest earnings. On a percentage basis, 98.4% of the revenue was from user charges.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Net Assets—Internal Service Funds
June 30, 2004

	<u>Risk Management</u>	<u>Employee Benefits</u>
Assets		
urrent assets:		
Cash and cash equivalents-		
Risk management	\$ 30,766,039	
Environmental insurance claims recovery	1,456,569	
Employee benefits		\$ 11,040,473
Interest receivable	133,509	42,879
Accounts receivable	219	1,782,172
Prepaid insurance	1,705,787	1,138,598
Total current assets	<u>34,062,123</u>	<u>14,004,122</u>
oncurrent assets:		
Machinery and equipment	51,676	
Less: accumulated depreciation	(49,286)	
Total noncurrent assets	<u>2,390</u>	
Total assets	<u>34,064,513</u>	<u>14,004,122</u>
Liabilities		
urrent liabilities:		
Accounts payable	850,963	1,868,796
Employee compensation payable	105,387	
RBUC and IBNR claims	15,813,549	5,139,150
Total current liabilities	<u>16,769,899</u>	<u>7,007,946</u>
oncurrent liabilities:		
RBUC and IBNR claims	26,719,064	
Total noncurrent liabilities	<u>26,719,064</u>	
Total liabilities	<u>43,488,963</u>	<u>7,007,946</u>
Net Assets		
vested in capital assets	2,390	
nrestricted (deficit)	(9,426,840)	6,996,176
Total net assets (deficit)	<u>\$ (9,424,450)</u>	<u>\$ 6,996,176</u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Funds
Year Ended June 30, 2004

	<u>Risk Management</u>	<u>Employee Benefits</u>
Operating revenues:		
Charges for services	\$ 25,676,986	
County and employee premiums		\$ 27,616,161
Other income	131,731	199,068
Total operating revenues	<u>25,808,717</u>	<u>27,815,229</u>
Operating expenses:		
Personal services	1,209,017	
Supplies and services	522,338	
Accounting and auditing fees	12,173	
Actuary fees	36,500	
Consulting and management fees	198,048	
Brokers' fees	130,000	
Claims administration service fees	398,395	1,409,157
Legal expenses	6,702,686	
Claims and insurance:		
Auto liability claims paid	305,267	
Auto liability RBUC and IBNR claims decrease in estimate	(21,084)	
Total auto liability	<u>284,183</u>	
General liability claims paid	1,420,281	
General liability RBUC and IBNR claims increase in estimate	1,820,117	
Total general liability	<u>3,240,398</u>	
Workers' compensation claims paid	4,570,705	
Workers' compensation RBUC and IBNR claims decrease in estimate	(575,884)	
Total workers' compensation	<u>3,994,821</u>	
Medical malpractice claims paid	482,400	
Medical malpractice RBUC and IBNR claims increase in estimate	184,362	
Total medical malpractice	<u>666,762</u>	
Auto physical damage claims paid	357,352	
Auto physical damage RBUC claims increase in estimate	21,004	
Total auto physical damage	<u>378,356</u>	
Property claims paid	371,781	
Property RBUC claims increase in estimate	56,327	
Total property	<u>428,108</u>	
Pharmacy claims paid		11,025,730
Pharmacy IBNR claims decrease in estimate		(512,777)
Total pharmacy		<u>10,512,953</u>
Medical claims paid		3,724,882
Medical RBUC and IBNR claims increase in estimate		3,568,000
Total medical		<u>7,292,882</u>
Dental claims paid		4,801,989
Dental IBNR claims increase in estimate		55,572
Total dental		<u>4,857,561</u>

See accompanying notes to financial statements.

(Continued)

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Funds
Year Ended June 30, 2004
(Continued)

	<u>Risk Management</u>	<u>Employee Benefits</u>
Short-term disability claims paid		\$ 1,826,457
Short-term disability IBNR claims decrease in estimate		(253,518)
Total short-term disability		<u>1,572,939</u>
Hospital co-pay reimbursements claims paid		18,285
Medical incentives paid		751,218
Wellness incentives paid		5,843
Insurance claims paid		2,337
General medical IBNR claims decrease in estimate		(165,031)
Total general medical		<u>612,652</u>
Unemployment claims	\$ 801,973	
General liability insurance premiums	1,673,262	392
Workers' compensation insurance premiums	487,710	
Crime insurance premiums	35,419	
Property insurance premiums	594,760	
Malpractice insurance premiums	1,139,894	
Stop loss insurance premiums		75,739
Depreciation	9,510	
Total operating expenses	<u>22,944,313</u>	<u>26,334,275</u>
Operating income	2,864,404	1,480,954
Nonoperating revenues:		
Investment income	275,669	186,986
Total nonoperating revenues	<u>275,669</u>	<u>186,986</u>
Income before transfers	3,140,073	1,667,940
Transfers from other County funds		<u>2,374,000</u>
Increase in net assets	3,140,073	4,041,940
Total net assets (deficit), July 1, 2003	<u>(12,564,523)</u>	<u>2,954,236</u>
Total net assets (deficit), June 30, 2004	<u><u>\$ (9,424,450)</u></u>	<u><u>\$ 6,996,176</u></u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Cash Flows—Internal Service Funds
Year Ended June 30, 2004

	<u>Risk Management</u>	<u>Employee Benefits</u>
Cash flows from operating activities:		
Receipts from other funds	\$25,808,717	\$26,271,156
Other receipts		199,068
Payments for fees, supplies, and services	(7,863,133)	(1,409,157)
Payments for insurance claims	(8,309,759)	(21,637,155)
Payments for insurance premiums	(3,998,768)	(1,100,248)
Payments to employees	(1,193,859)	
Net cash provided by operating activities	<u>4,443,198</u>	<u>2,323,664</u>
Cash flows from noncapital financing activities:		
Cash transfers from other funds		<u>2,374,000</u>
Cash flows from investing activities:		
Interest received on investments	<u>216,656</u>	<u>167,744</u>
Net increase in cash and cash equivalents	4,659,854	4,865,408
Cash and cash equivalents, July 1, 2003	<u>27,562,754</u>	<u>6,175,065</u>
Cash and cash equivalents, June 30, 2004	<u><u>\$32,222,608</u></u>	<u><u>\$11,040,473</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,864,404	\$ 1,480,954
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,510	
Net change in RBUC and IBNR claims, noncurrent portion	44,024	
Changes in assets and liabilities:		
Increase in:		
Accounts receivable	(219)	(1,013,321)
Prepaid insurance	(67,723)	(1,024,117)
Accounts payable	137,226	519,586
Employee compensation payable	15,158	
RBUC and IBNR claims, current portion	1,440,818	2,692,246
Decrease in:		
Deposits held for others		(331,684)
Net cash provided by operating activities	<u><u>\$ 4,443,198</u></u>	<u><u>\$ 2,323,664</u></u>
Noncash investing, capital, and noncapital financing activities:		
Disposal of machinery and equipment	\$ (22,878)	
Accumulated depreciation from disposal of machinery and equipment	22,878	

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT TRUST FUND
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Fund
Budget and Actual
Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Charges for services	\$ 25,676,986	\$ 25,676,986	\$ -
Other income		131,731	
Total operating revenues	<u>25,676,986</u>	<u>25,808,717</u>	
Operating expenses:			
Personal services	1,254,501	1,209,017	(45,484)
Supplies and services	448,049	522,338	74,289
Accounting and auditing fees	16,500	12,173	(4,327)
Actuary fees	41,500	36,500	(5,000)
Consulting and management fees	298,000	198,048	(99,952)
Brokers' fees	130,000	130,000	0
Claims administration service fees	285,800	398,395	112,595
Legal expenses	4,274,982	6,702,686	2,427,704
Total auto liability	372,509	284,183	(88,326)
Total general liability	3,128,919	3,240,398	111,479
Total workers' compensation	4,855,323	3,994,821	(860,502)
Total medical malpractice	3,414,733	666,762	(2,747,971)
Total auto physical damage	422,806	378,356	(44,450)
Total property	298,775	428,108	129,333
Unemployment claims	750,000	801,973	51,973
General liability insurance premiums	2,782,000	1,673,262	(1,108,738)
Workers' compensation insurance premiums	533,655	487,710	(45,945)
Crime insurance premiums	50,000	35,419	(14,581)
Property insurance premiums	772,750	594,760	(177,990)
Malpractice insurance premiums	1,479,000	1,139,894	(339,106)
Depreciation		9,510	
Total operating expenses	<u>25,609,802</u>	<u>22,944,313</u>	<u>(2,674,999)</u>
Operating income		2,864,404	
Nonoperating revenues:			
Investment income	1,009,135	275,669	(733,466)
Total nonoperating revenues	<u>1,009,135</u>	<u>275,669</u>	<u>(733,466)</u>
Income before transfers		3,140,073	
Transfers from other County funds			
Increase in net assets		3,140,073	
Total net deficit, July 1, 2003		<u>(12,564,523)</u>	
Total net deficit, June 30, 2004		<u>\$ (9,424,450)</u>	

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2004

NOTE 1 - Summary of Significant Accounting Policies

The County, in the exercise of the authority granted by Arizona Revised Statutes (A.R.S.) §11-981, has established a trust fund and declares itself self-insured. For financial statement presentation purposes, the Self-insured Trust Fund is reported as Risk Management and Employee Benefits Trust Funds (Funds) and all monies held in these Funds are considered unrestricted. The Funds' financial statements are prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The Maricopa County *Comprehensive Annual Financial Report* for the year ended June 30, 2004, reports the Funds as governmental activities on the government-wide financial statements since they predominantly service the County's governmental funds. A summary of the Funds' more significant accounting policies follows.

A. Reporting Entity

The Trust Funds are accounted for as internal service funds of Maricopa County, Arizona, under the direction of an administrator appointed by the County Board of Supervisors. In addition, the Trust Funds are administered by no less than six joint trustees, all of whom shall be citizens of the United States of America and residents of Maricopa County. The County Board of Supervisors also appoints the trustees. However, the ultimate financial accountability for the Funds remains with the County. The County is responsible for the management and operations of the financing of the uninsured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and for certain health benefits (pharmacy, medical, dental, short-term disability, hospital co-pay reimbursements, medical incentives, and wellness incentives) to eligible employees and their dependents.

B. Fund Accounting

The Funds' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Funds' available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, net assets, revenues, and expenses.

The Funds' financial transactions are recorded and reported as internal service funds since their operations are financed and operated in a manner similar to private business enterprises.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2004

The intent of the County Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to other departments within the County on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Presentation and Accounting

The financial statements include statements of net assets; statements of revenues, expenses, and changes in fund net assets; and statements of cash flows.

The statements of net assets provide information about the assets, liabilities, and net assets of the Funds at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to the availability of assets to satisfy the Funds' obligations. Invested in capital assets represents the value of capital assets, net of accumulated depreciation. Unrestricted net assets represent the balance of monies held in the Funds.

The statements of revenues, expenses, and changes in fund net assets provide information about the Funds' financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported. Generally, charges for services and insurance premiums are considered to be operating revenues. Other revenues such as investment income are not generated from operations and are considered to be nonoperating revenues. The cost of services, administrative expenses, and depreciation on capital assets are considered to be operating expenses.

The statements of cash flows provide information about the Funds' sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Funds are presented on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Funds apply only those applicable Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The Funds have chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2004

D. Cash and Cash Equivalents

The Funds' cash and cash equivalents are held by the County Treasurer in its investment pool, and they are reported at fair value. The Funds' investments in the County Treasurer's investment pool represents proportionate interests in that pool's portfolio; however, the Funds' portions are not identified with specific investments and are not subject to custodial credit risk. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on their average daily cash balance on a quarterly basis. Interest earned and not received prior to June 30, is recorded as interest receivable.

For purposes of the statements of cash flows, cash and cash equivalents consist of the Funds' share of the pooled portfolio of specific investments purchased by the Maricopa County Treasurer's Office. The County considers only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

E. Machinery and Equipment

Machinery and equipment are capitalized at cost. Depreciation of machinery and equipment is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of machinery and equipment range from 3 to 10 years.

F. Employee Compensation Payable

Employee compensation payable consists of payroll and payroll-related costs incurred but not paid at June 30, and personal time off (PTO) earned by employees based on services already rendered. Employees may accumulate up to 240 hours of PTO, but any PTO hours in excess of the maximum amount that are unused at calendar year-end will be transferred to family medical leave (FML). FML benefits are used by employees for FML-qualifying events and are cumulative but do not vest with employees and, therefore, are not accrued. However, upon retirement, employees of the Funds with accumulated FML in excess of 1,000 hours are entitled to a \$3,000 bonus. The amount of such bonuses is accrued in the liability for employee compensation payable.

NOTE 2 - Liabilities for Unpaid Claims

The Funds provide for claims liabilities based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but not settled (RBUC), and of claims that have been incurred but not reported (IBNR).

The County is liable for any single claim up to the insurance deductible or self-insurance retention (SIR), whichever is applicable, and the excess over insurance limits. The following

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2004

insurance deductibles, self-insurance retentions, and insurance limits were in effect during fiscal year 2003-04:

<u>Policy Type</u>	<u>Deductible</u>	<u>SIR</u>	<u>Limit</u>
General and auto liability		\$ 5,000,000	\$ 5,000,000
Excess general and auto liability		primary	25,000,000
Property/inland marine	\$ 100,000		657,255,579
Boiler and machinery	100,000		50,000,000
Earthquake	100,000		100,000,000
Flood zones except A and V	500,000		25,000,000
Flood zone A and V	500,000		10,000,000
Difference in conditions		primary	50,000,000
Employee theft	100,000		10,000,000
Faithful performance of duty	100,000		1,000,000
Theft and robbery	10,000		1,000,000
Computer and wire transfer fraud	100,000		10,000,000
Forgery alteration/property	10,000		1,000,000
Excess workers' compensation		1,000,000	25,000,000
Employer's liability			1,000,000
Medical malpractice		5,000,000	15,000,000
Excess medical malpractice		primary	10,000,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past 3 years.

Risk Management Trust Fund

Liabilities for unpaid claims are estimates of the ultimate cost of claims that include the insurance deductible, the SIR, and the excess over insurance limits. The estimates are determined by an independent actuary using the following actuarial methods: reported loss development, paid loss development, Bornhuetter-Ferguson reported loss and paid loss, frequency times severity, case outstanding loss development, expected loss, incremental paid-workers' compensation, paid allocated loss adjustment expense (ALAE) to paid loss development, and tail liability for medical malpractice. Total liabilities are equal to the sum of:

1. Reported but unpaid claims (RBUC), which represent the estimated liability on reported claims established by the Risk Management department and
2. Incurred but not reported (IBNR) reserves, which include known loss events that are expected to become claims and expected future development on claims already reported.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2004

IBNR, therefore, is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern.

Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 3.0 percent annual rate of return on investments.

The total liabilities reported at June 30, 2004, categorized by RBUC and IBNR by insurable area follow:

	<u>RBUC</u>	<u>IBNR</u>	<u>Total Liabilities</u>
Auto liability	\$ 210,946	\$ 241,012	\$ 451,958
General liability	15,377,855	6,136,903	21,514,758
Workers' compensation	7,081,299	2,332,196	9,413,495
Medical malpractice	7,553,959	3,100,992	10,654,951
Auto physical damage	131,943		131,943
Property	365,508		365,508
			<u>\$ 42,532,613</u>

The total estimates of unpaid claim liabilities of \$42,532,613 at June 30, 2004, increased by \$1,484,842 from last year's balance of \$41,047,771. The area that significantly increased was general liability.

Changes in the liabilities for unpaid auto, general, workers' compensation, medical malpractice, auto physical damage, and property claims follow:

	<u>Balance</u>	<u>Current-Year</u>	<u>Claims</u>	<u>Balance</u>
	<u>July 1</u>	<u>Changes in</u>	<u>Payments</u>	<u>June 30</u>
		<u>Estimates</u>		
2001-02	\$ 40,569,044	\$ 8,410,852	\$ (7,302,517)	\$ 41,677,379
2002-03	41,677,379	5,907,531	(6,537,139)	41,047,771
2003-04	41,047,771	8,992,628	(7,507,786)	42,532,613

It is estimated that \$15,813,549 of these liabilities will be paid within the next 12 months.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2004

Employee Benefits Trust Fund

The liability for pharmacy, medical, dental, and short-term disability claims as shown below is based on the fiscal year 2003-04 actuarial reports. The hospital co-pay reimbursements program was discontinued effective December 31, 2003. The liability for hospital co-pay reimbursements as shown below is based on historical reimbursements. The liability for medical incentives as shown below is based on the contract with CIGNA HealthCare (CIGNA). Effective January 1, 2004, the HealthSelect medical and related pharmacy program was transferred from the Maricopa Integrated Health System to the Employee Benefits Trust Fund.

Accrued liabilities at June 30, 2004, for each insurable area follow:

Pharmacy	\$ 295,000
Medical	3,568,000
Dental	500,000
Short-term disability	175,000
Hospital co-pay reimbursements	1,150
Medical incentives	600,000
Total	<u>\$ 5,139,150</u>

Changes in the liabilities for unpaid pharmacy, medical, dental, short-term disability, hospital co-pay reimbursements, and medical incentives claims follow:

	Balance	Current-Year		Balance
	<u>July 1</u>	Claims and		<u>June 30</u>
		Changes in	Claims	
		<u>Estimates</u>	<u>Payments</u>	
2001-02	\$ 139,887	\$ 5,842,675	\$ (5,188,478)	\$ 794,084
2002-03	794,084	13,182,511	(11,529,691)	2,446,904
2003-04	2,446,904	24,840,807	(22,148,561)	5,139,150

It is estimated that the June 30, 2004, liabilities balance of \$5,139,150 will be paid within the next 12 months.

NOTE 3 - Net Assets Deficit

The County Board of Supervisors elected not to fund the Risk Management Trust Fund's unpaid claims in fiscal years 1995-96 through 1998-99. Consequently, the Risk Management Trust Fund only billed user departments for operating costs and administrative expenses for

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2004

those years. This resulted in a total net assets deficit of \$23,321,519 at June 30, 1999. Starting July 1, 1999, Risk Management began billing user departments for actuarially determined claim estimates that are projected to be paid each fiscal year. As of June 30, 2004, the total net assets deficit has been reduced to \$9,424,450.

NOTE 4 - Letter of Credit

On July 1, 2003, the County renewed its workers' compensation insurance with a self-insured retention of \$1,000,000. As a result, the Industrial Commission of Arizona required the County to secure an irrevocable letter of credit in the amount of \$9.1 million with a financial institution to cover unfunded workers' compensation claims. During fiscal year 2003-04, the letter of credit had not been drawn upon. The letter of credit was renewed to July 1, 2005, for \$8.5 million.

NOTE 5 - Retirement Plan

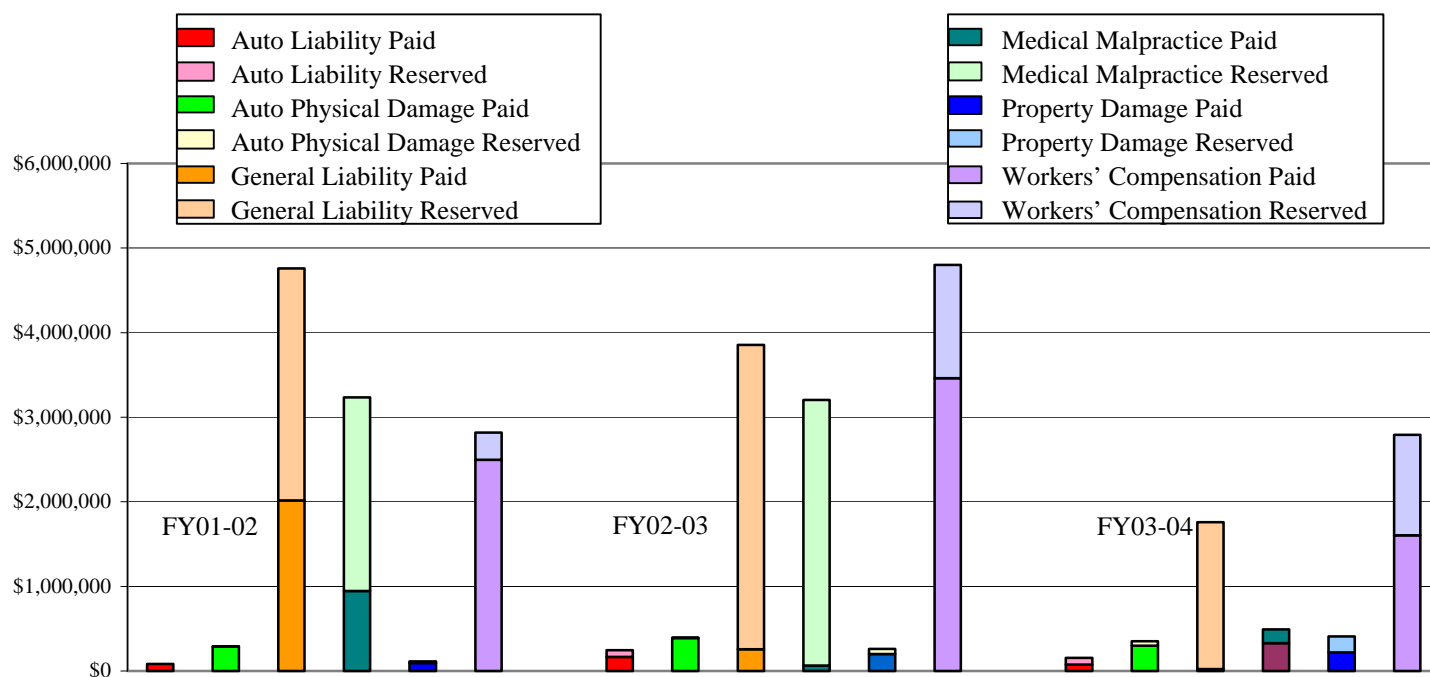
Plan Description—The Risk Management Fund contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the Risk Management Fund's contribution rates. For the year ended June 30, 2004, active plan members and the Risk Management Fund were each required by statute to contribute at the actuarially determined rate of 5.7 percent (5.2 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The Risk Management Fund's contributions to the System for the years ended June 30, 2004, 2003, and 2002 were \$54,687, \$22,894, and \$22,865, respectively, which were equal to the required contributions for the year.

Statistics and Coverage

**TOTAL COST-ALL CLAIMS
(PAID OR RESERVED)
FY01-02 TO FY03-04**



		Auto Liability	Auto Physical Damage	General Liability	Medical Malpractice	Property	Workers' Compensation	TOTAL
FY01-02	\$ Paid	\$84,919	\$285,916	\$2,015,975	\$945,897	\$93,754	\$2,495,786	\$5,922,247
	Open Reserves	\$0	\$6,936	\$2,742,047	\$2,287,858	\$19,663	\$320,831	\$5,377,335
	Total Incurred	\$84,919	\$292,852	\$4,758,022	\$3,233,755	\$113,417	\$2,816,617	\$11,299,581
FY02-03	\$ Paid	\$168,183	\$388,347	\$256,186	\$64,287	\$202,108	\$3,461,224	\$4,540,334
	Open Reserves	\$77,823	\$5,720	\$3,598,999	\$3,140,167	\$58,843	\$1,339,946	\$8,221,497
	Total Incurred	\$246,006	\$394,066	\$3,855,185	\$3,204,454	\$260,951	\$4,801,170	\$12,761,832
FY03-04	\$ Paid	\$74,684	\$297,312	\$24,386	\$329,416	\$219,390	\$1,604,382	\$2,549,570
	Open Reserves	\$79,211	\$56,400	\$1,733,511	\$161,552	\$190,187	\$1,186,074	\$3,406,935
	Total Incurred	\$153,895	\$353,712	\$1,757,897	\$490,968	\$409,577	\$2,790,456	\$5,956,505

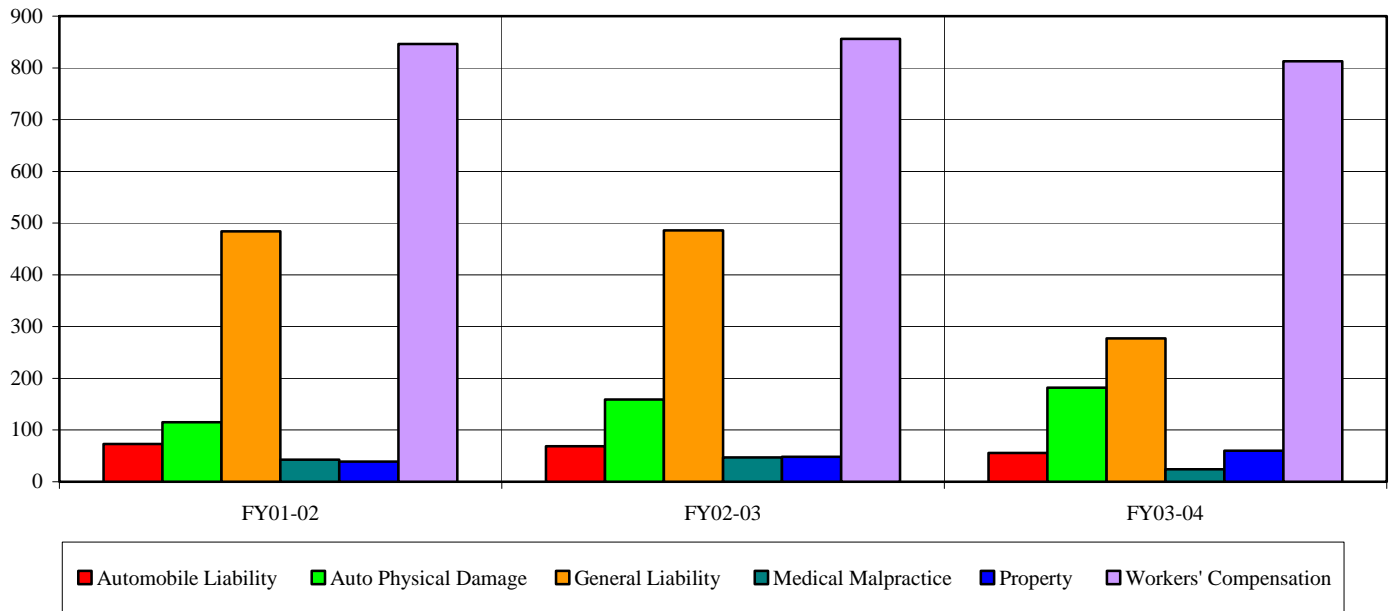
- Notes:
1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP nor IBNR reserves.
 2. Amounts as valued on June 30, 2004, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2004, as reported by the Pinnacle system.
 3. Unemployment not included.

**TOTAL CLAIMS SUMMARY TABLE
FY01-02 TO FY03-04**

Department	FY01-02		FY02-03		FY03-04	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	39	\$65,033	46	\$133,897	46	\$32,161
ALTCS	19	\$38,986	6	\$352	1	\$0
ANIMAL CONTROL	55	\$124,767	48	\$24,306	42	\$16,202
CLERK OF SUPERIOR COURT	23	\$30,474	17	\$17,377	18	\$14,062
CONSTABLES	10	\$28,522	6	\$9,269	7	\$12,012
CORRECTIONAL HEALTH	43	\$793,518	45	\$106,180	26	\$9,344
COUNTY ASSESSOR	12	\$19,114	6	\$10,789	7	\$2,962
COUNTY ATTORNEY	35	\$566,022	28	\$9,977	33	\$17,315
ELECTIONS	2	\$13,687	12	\$50,357	24	\$28,377
ENVIRONMENTAL SERVICES	26	\$59,344	33	\$137,509	29	\$35,907
EQUIPMENT SERVICES	18	\$31,646	14	\$41,610	6	\$4,101
FACILITIES MANAGEMENT	23	\$27,871	37	\$115,364	26	\$31,408
FLOOD CONTROL	34	\$99,437	28	\$111,050	27	\$56,096
HOUSING	10	\$64,037	11	\$9,689	6	\$17,854
HUMAN RESOURCES	4	\$25,507	4	\$17,839	3	\$1,679
HUMAN SERVICES	34	\$48,269	48	\$81,731	43	\$52,450
JUSTICE COURTS	13	\$36,809	16	\$14,637	3	\$0
JUVENILE COURT	39	\$39,177	39	\$145,886	43	\$41,136
LIBRARY	2	\$5,324	13	\$72,439	7	\$7,637
MARICOPA HEALTH SYSTEM	272	\$968,109	293	\$686,353	274	\$821,647
MCDOT	159	\$333,288	178	\$209,327	119	\$118,869
MEDICAL ASSISTANCE PROGRAMS	4	\$32,968	1	\$0	0	\$0
MEDICAL EXAMINER	7	\$8,170	14	\$10,300	13	\$6,699
PARKS & RECREATION	33	\$68,935	21	\$23,083	18	\$26,420
PLANNING & DEVELOPMENT	7	\$6,619	8	\$24,644	5	\$4,590
PUBLIC DEFENDER	13	\$11,747	14	\$26,542	15	\$17,537
PUBLIC HEALTH	35	\$31,229	28	\$39,919	34	\$24,573
RECORDER	0	\$0	2	\$52,575	4	\$0
RISK MANAGEMENT	3	\$49,447	0	\$0	0	\$0
SHERIFF	577	\$2,223,662	601	\$2,309,251	491	\$1,134,866
SUPER. OF SCHOOLS	3	\$21,468	4	\$228	2	\$0
SUPERIOR COURTS	26	\$44,781	24	\$18,149	26	\$9,870
TELECOM	4	\$1,443	4	\$20,567	2	\$727
ALL OTHERS	16	\$2,836	16	\$9,137	12	\$3,069
TOTALS	1600	\$5,922,247	1665	\$4,540,335	1412	\$2,549,570

- Notes:
1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP nor IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY01-02 give a truer picture as these claims have had time to mature.
 2. Amounts as valued on June 30, 2004, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2004, as reported by the Pinnacle system.
 3. Unemployment not included.

**TOTAL NUMBER OF CLAIMS
FY01-02 TO FY03-04**



	FY01-02	FY02-03	FY03-04
Automobile Liability	73	69	56
Auto Physical Damage	115	159	182
General Liability	484	486	277
Medical Malpractice	43	47	24
Property	39	48	60
Workers' Compensation	846	856	813
TOTAL	1600	1665	1412

- Notes:
1. Number of claims paid represents the amount of claims for the year in which the event occurred.
 2. Amounts as valued on June 30, 2004, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2004, as reported by the Pinnacle System.
 3. Unemployment not included.

AUTO LIABILITY LOSS SUMMARY
FY01-02 TO FY03-04

Department	FY01-02		FY02-03		FY03-04	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	1	\$0	2	\$0	1	\$0
ALTCS	0	\$0	0	\$0	0	\$0
ANIMAL CONTROL	2	\$4,992	0	\$0	1	\$972
CONSTABLES	0	\$0	0	\$0	1	\$0
CORRECTIONAL HEALTH	0	\$0	0	\$0	0	\$0
COUNTY ATTORNEY	1	\$674	0	\$0	0	\$0
ELECTIONS	0	\$0	1	\$3,231	0	\$0
ENVIRONMENTAL SERVICES	1	\$2,453	4	\$14,898	1	\$556
EQUIPMENT SERVICES	1	\$0	0	\$0	1	\$0
FACILITIES MANAGEMENT	2	\$3,111	3	\$3,086	1	\$1,226
FLOOD CONTROL	4	\$19,021	4	\$5,741	2	\$3,579
HOUSING	0	\$0	2	\$3,752	0	\$0
HUMAN SERVICES	3	\$2,010	5	\$2,005	3	\$3,476
JUVENILE COURT	2	\$0	0	\$0	1	\$0
LEGAL DEFENDER	0	\$0	0	\$0	0	\$0
LIBRARY	0	\$0	0	\$0	0	\$0
MARICOPA HEALTH SYSTEM	1	\$477	3	\$4,388	1	\$0
MCDOT	5	\$2,772	5	\$14,650	6	\$4,564
MEDICAL ASSISTANCE	1	\$1,406	0	\$0	0	\$0
MEDICAL EXAMINER	0	\$0	0	\$0	1	\$394
PARKS & RECREATION	1	\$733	1	\$0	0	\$0
PLANNING & DEVELOPMENT	1	\$698	0	\$0	0	\$0
PUBLIC DEFENDER	0	\$0	0	\$0	1	\$0
PUBLIC HEALTH	0	\$0	1	\$0	0	\$0
SHERIFF	47	\$46,571	37	\$116,432	35	\$59,917
SOLID WASTE MANAGEMENT	0	\$0	0	\$0	0	\$0
SUPERINTENDENT OF SCHOOLS	0	\$0	1	\$0	0	\$0
TELECOM	0	\$0	0	\$0	0	\$0
TOTAL COMPENSATION	0	\$0	0	\$0	0	\$0
TRIAL COURTS	0	\$0	0	\$0	0	\$0
TOTALS	73	\$84,919	69	\$168,183	56	\$74,684

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP nor IBNR nor IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY01-02 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2004, as reported by the RiskMaster system.

**AUTO PHYSICAL DAMAGE LOSS SUMMARY
FY01-02 TO FY02-03**

Department	FY01-02		FY02-03		FY03-04	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	4	\$8,509	2	\$100	3	\$460
ALTCS	0	\$0	0	\$0	0	\$0
ANIMAL CONTROL	1	\$1,262	5	\$660	4	\$2,120
CLERK OF SUPERIOR COURT	2	\$411	0	\$0	2	\$60
CONSTABLES	3	\$411	1	\$1,990	3	\$5,410
CORRECTIONAL HEALTH	1	\$856	0	\$0	0	\$0
COUNTY ASSESSOR	1	\$2,564	1	\$500	1	\$180
COUNTY ATTORNEY	3	\$2,420	1	\$50	3	\$3,936
ELECTIONS	0	\$0	1	\$500	0	\$0
EMERGENCY MANAGEMENT	0	\$0	0	\$0	1	\$687
ENVIRONMENTAL SERVICES	1	\$1,422	3	\$4,150	8	\$6,824
EQUIPMENT SERVICES	2	\$8,776	1	\$344	1	\$1,060
FACILITIES MANAGEMENT	3	\$8,664	2	\$5,643	3	\$3,977
FLOOD CONTROL	5	\$2,373	12	\$66,315	5	\$1,179
HOUSING	1	\$729	1	\$1,474	0	\$0
HUMAN SERVICES	0	\$0	6	\$4,643	10	\$13,268
JUVENILE COURT	4	\$2,090	5	\$291	4	\$2,927
LEGAL DEFENDER	0	\$0	1	\$50	1	\$85
LIBRARY	0	\$0	0	\$0	2	\$1,274
MARICOPA HEALTH SYSTEM	3	\$566	7	\$3,681	5	\$400
MCDOT	12	\$113,586	15	\$69,972	12	\$45,978
MEDICAL EXAMINER	0	\$0	0	\$0	1	\$121
PARKS & RECREATION	2	\$496	3	\$9,328	3	\$2,704
PLANNING & DEVELOPMENT	1	\$458	2	\$1,119	2	\$456
PUBLIC DEFENDER	1	\$1,655	2	\$1,124	0	\$0
PUBLIC FIDUCIARY	1	\$283	0	\$0	0	\$0
PUBLIC HEALTH	2	\$2,516	3	\$580	7	\$8,752
SHERIFF	61	\$123,212	84	\$215,639	97	\$194,833
SOLID WASTE MANAGEMENT	0	\$0	0	\$0	1	\$60
TELECOM	0	\$0	1	\$194	0	\$0
TOTAL COMPENSATION	0	\$0	0	\$0	1	\$60
TRIAL COURTS	1	\$2,658	0	\$0	2	\$500
TOTALS	115	\$285,916	159	\$388,347	182	\$297,312

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP nor IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY01-02 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2004, as reported by the RiskMaster system.

GENERAL LIABILITY LOSS SUMMARY
FY01-02 TO FY03-04

Department	FY01-02		FY02-03		FY03-04	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ANIMAL CONTROL	14	\$1,509	11	\$1,887	9	\$3,200
CONSTABLES	4	\$27,323	4	\$7,279	1	\$0
CORRECTIONAL HEALTH	12	\$0	5	\$0	4	\$1,429
COUNTY ASSESSOR	0	\$0	2	\$457	1	\$0
COUNTY ATTORNEY	12	\$494,560	9	\$0	12	\$0
ENVIRONMENTAL SERVICES	4	\$0	6	\$0	3	\$0
EQUIPMENT SERVICES	1	\$0	1	\$0	0	\$0
FACILITIES MANAGEMENT	9	\$0	8	\$852	3	\$143
FLOOD CONTROL	5	\$9,431	2	\$15	4	\$243
HUMAN RESOURCES	0	\$0	1	\$0	2	\$1,679
HUMAN SERVICES	2	\$999	0	\$0	3	\$1,600
JUVENILE COURT	2	\$60	3	\$280	0	\$0
MARICOPA HEALTH SYSTEM	24	\$90,760	19	\$16,637	16	\$2,000
MCDOT	119	\$186,051	133	\$11,482	69	\$2,133
MEDICAL ASSISTANCE	1	\$31,563	0	\$0	0	\$0
MEDICAL EXAMINER	3	\$250	4	\$3,105	2	\$625
PARKS & RECREATION	18	\$56,685	5	\$1,125	2	\$195
PUBLIC DEFENDER	4	\$19	6	\$19,350	6	\$143
PUBLIC HEALTH	8	\$324	3	\$0	8	\$272
RECORDER	0	\$0	1	\$52,487	4	\$0
RISK MANAGEMENT	1	\$6,847	0	\$0	0	\$0
SHERIFF	214	\$1,098,378	226	\$137,040	111	\$10,725
SOLID WASTE MANAGEMENT	1	\$326	0	\$0	0	\$0
TOTAL COMPENSATION	0	\$0	1	\$688	1	\$0
TREASURER	1	\$0	1	\$1,500	0	\$0
TRIAL COURTS	11	\$10,891	12	\$2,000	8	\$0
ALL OTHERS	14	\$0	23	\$0	8	\$0
TOTALS	484	\$2,015,975	486	\$256,186	277	\$24,386

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP nor IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY01-02 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2004, as reported by the RiskMaster system.

MEDICAL MALPRACTICE LOSS SUMMARY
FY01-02 TO FY03-04

Department	FY01-02		FY02-03		FY03-04	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ALTCS	1	\$0	0	\$0	0	\$0
CORRECTIONAL HEALTH	13	\$690,351	22	\$35,914	10	\$1,468
MARICOPA HEALTH SYSTEM	29	\$255,546	24	\$28,373	13	\$327,948
PUBLIC HEALTH	0	\$0	1	\$0	1	\$0
TOTALS	43	\$945,897	47	\$64,287	24	\$329,416

- Notes:
1. Dollars paid represent the amount paid for the year in which the event occurred and does not include RBNP nor IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY01-02 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2004, as reported by the RiskMaster system.

**PROPERTY LOSS SUMMARY
FY01-02 TO FY03-04**

Department	FY01-02		FY02-03		FY03-04	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	2	\$1,924	5	\$7,610	0	\$0
BOARD OF SUPERVISORS	0	\$0	1	\$0	0	\$0
COUNTY ASSESSOR	0	\$0	0	\$0	1	\$0
EMERGENCY MANAGEMENT	1	\$0	0	\$0	1	\$0
ENVIRONMENTAL SERVICES	0	\$0	0	\$0	3	\$0
FACILITIES MANAGEMENT	2	\$0	7	\$66,128	6	\$3,320
FLOOD CONTROL	7	\$0	3	\$13,811	3	\$0
HOUSING	4	\$24,788	4	\$4,123	4	\$15,962
HUMAN RESOURCES	0	\$0	1	\$0	0	\$0
HUMAN SERVICES	0	\$0	0	\$0	1	\$670
JUVENILE COURT	0	\$0	3	\$4,852	1	\$1,636
LEGAL ADVOCATE	0	\$0	1	\$3,016	0	\$0
LIBRARY	0	\$0	1	\$0	1	\$5,114
MARICOPA HEALTH SYSTEM	3	\$10,839	1	\$30,293	1	\$51,636
MCDOT	5	\$238	2	\$1,388	6	\$3,546
MEDICAL EXAMINER	0	\$0	1	\$0	0	\$0
PARKS & RECREATION	1	\$1,425	2	\$3,910	7	\$4,770
PLANNING & DEVELOPMENT	0	\$0	1	\$0	0	\$0
PUBLIC HEALTH	1	\$0	2	\$14,220	2	\$0
SHERIFF	12	\$54,539	8	\$29,700	22	\$132,420
TELECOM	0	\$0	3	\$20,373	1	\$316
TRIAL COURTS	1	\$0	2	\$2,683	0	\$0
TOTALS	39	\$93,754	48	\$202,108	60	\$219,390

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP nor IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY01-02 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2004, as reported by the RiskMaster system.

WORKERS' COMPENSATION LOSS SUMMARY
FY01-02 TO FY03-04

Department	FY01-02		FY02-03		FY03-04	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	30	\$54,600	36	\$126,187	39	\$31,700
ALTCS	18	\$38,986	3	\$352	0	\$0
ANIMAL CONTROL	38	\$117,004	32	\$21,759	28	\$9,910
CLERK OF SUPERIOR COURT	20	\$30,064	16	\$17,377	16	\$14,002
CORRECTIONAL HEALTH	17	\$102,312	18	\$70,266	12	\$6,448
COUNTY ASSESSOR	11	\$16,550	3	\$9,832	4	\$2,781
COUNTY ATTORNEY	19	\$68,368	18	\$9,927	18	\$13,379
ELECTIONS	2	\$13,687	5	\$46,626	24	\$28,377
ENVIRONMENTAL SERVICES	20	\$55,470	20	\$118,460	14	\$28,527
EQUIPMENT SERVICES	14	\$22,870	12	\$41,266	4	\$3,041
FACILITIES MANAGEMENT	7	\$16,096	17	\$39,654	13	\$22,742
FLOOD CONTROL	13	\$68,612	7	\$25,169	13	\$51,095
HOUSING	4	\$38,520	2	\$340	1	\$1,892
HUMAN RESOURCES	4	\$25,507	2	\$17,839	1	\$0
HUMAN SERVICES	29	\$45,260	37	\$75,083	26	\$33,436
JUVENILE COURT	31	\$37,027	28	\$140,463	37	\$36,573
LIBRARY	2	\$5,324	9	\$72,439	3	\$1,249
MARICOPA HEALTH SYSTEM	212	\$609,921	239	\$602,981	238	\$439,663
MCDOT	18	\$30,641	23	\$111,834	26	\$62,648
PARKS & RECREATION	11	\$9,595	10	\$8,721	6	\$18,752
PLANNING & DEVELOPMENT	2	\$5,462	5	\$23,525	3	\$4,133
PUBLIC DEFENDER	8	\$10,072	6	\$6,068	8	\$17,395
PUBLIC HEALTH	24	\$28,390	18	\$25,119	16	\$15,549
SHERIFF	243	\$900,962	246	\$1,810,440	226	\$736,970
TRIAL COURTS	26	\$68,040	26	\$28,103	19	\$9,370
ALL OTHERS	23	\$76,446	18	\$11,394	18	\$14,750
TOTALS	846	\$2,495,786	856	\$3,461,224	813	\$1,604,382

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP nor IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY01-02 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2004, as reported by the Pinnacle system.

**UNEMPLOYMENT LOSS SUMMARY
FY01-02 TO FY03-04**

Department	FY01-02	FY02-03	FY03-04
	\$ Paid	\$ Paid	\$ Paid
ADULT PROBATION	\$14,657	\$60,072	\$51,796
ALTCS	\$8,239	\$25,111	\$13,228
ANIMAL CONTROL SERVICES	\$11,090	\$39,197	\$16,153
ASSESSOR	\$4,699	\$2,978	\$6,520
CHIEF INFORMATION OFFICER	\$20,988	\$3,234	\$8,200
CLERK OF SUPERIOR COURT	\$29,829	\$44,176	\$36,874
CORRECTIONAL HEALTH	\$8,926	\$33,879	\$33,238
COUNTY ATTORNEY	\$34,066	\$28,485	\$6,134
ELECTIONS	\$12,634	\$11,894	\$12,774
ENVIRNMTL SERVICES	\$14,186	\$10,982	\$18,035
FACILITIES MANAGEMENT	\$7,136	\$24,601	\$16,149
HOUSING AUTHORITY	\$13,066	\$6,140	\$5,330
HUMAN RESOURCES	\$5,338	\$5,283	\$1,134
HUMAN SERVICES	\$45,070	\$37,640	\$66,386
JUVENILE PROBATION	\$27,525	\$33,456	\$34,075
MARICOPA HEALTH SYSTEM	\$151,867	\$235,033	\$232,444
MCDOT	\$24,769	\$10,498	\$31,829
MEDICAL ELIGIBILITY	\$17,019	\$7,438	\$562
PUBLIC DEFENDER	\$5,712	\$7,348	\$5,148
PUBLIC HEALTH	\$33,253	\$18,875	\$15,704
RECORDER	\$5,387	\$10,764	\$4,892
SHERIFF	\$72,299	\$68,027	\$57,288
TRIAL COURTS	\$45,091	\$69,284	\$17,219
ALL OTHERS	\$36,304	\$39,063	\$110,862
TOTALS	\$649,152	\$833,460	\$801,973

Notes: 1. Dollars paid represents the amount paid for the fiscal year. There are no reserves for unemployment.
2. Amounts as valued on June 30, 2004, as reported by the Advantage Financial System.